

# **The Law on Energy Conservation of the People's Republic of China**

( Approved at the 28th Session of the Standing Committee of the Eighth National People's Congress on November 1, 1997)

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The Law on Energy Conservation of the People's Republic of China was approved at the 28th session of the Standing Committee of the Eighth National People's Congress of the People's Republic of China on November 1, 1997. It is promulgated and shall come into force from January 1, 1998.

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President of the People's Republic of China  
November 1, 1997

## **Table of Contents**

- Chapter 1 General Provisions**
- Chapter 2 Energy Conservation Management**
- Chapter 3 Rational Utilization of Energy**
- Chapter 4 Technological Progress in Energy Conservation**
- Chapter 5 Legal Liabilities**
- Chapter 6 Supplementary Provisions**

## **Chapter 1 General Provisions**

**Article 1** This law is formulated in order to promote energy conservation throughout society, improve the efficiency of energy utilization, achieve economic benefits, protect the environment, secure national economic and social development, and meet the requirement everyday life of people.

**Article 2** The term energy used in this Law refers to various resources including coal, crude oil, natural gas, power, coke, coal gas, heat, oil products, liquid petroleum gas, biomass, and other resources from which useful energy can be derived directly or through processing and conversion.

**Article 3** The term energy conservation used in this Law means: enhancing energy use management; adopting measures which are technologically feasible, economically rational, and environmentally and socially acceptable; reducing loss and waste in the chain of energy production and consumption, all to achieve the efficient and rational use of energy.

**Article 4** Energy conservation is a long term strategy for national economic development.

The State Council and the governments of provinces, autonomous regions and municipalities directly under the central government should: strengthen their efforts in energy conservation; restructure industry, enterprises, products, and energy consumption patterns; promote technological progress for energy conservation; reduce energy consumption per unit of economic output and energy consumption per physical unit of product; improve the exploitation, processing, conversion, transmission, and distribution of energy; and encourage the national economy to develop in an energy-efficient manner.

The state encourages the development and utilization of new and renewable sources of energy.

**Article 5** The state makes energy conservation policy and compiles energy conservation plans which shall be incorporated into the national social and economic development plan, consistent with economic development and environmental protection.

**Article 6** The state encourages and supports the research and dissemination of energy conservation science and technology, enhances understanding of and education for energy conservation, popularizes scientific knowledge about energy conservation, and improves citizens' awareness of energy conservation.

**Article 7** All organizations and individuals should fulfill energy conservation obligations and have the right to report any wasteful energy behavior.

The people's governments at all levels provides awards to organizations and individuals for outstanding achievements in energy conservation or research and popularization of energy conservation science and technology.

**Article 8** The authorized energy conservation agencies of the State Council are responsible for energy conservation supervision and management on a national basis. Other agencies of the State Council supervise energy conservation efforts within their areas of responsibility.

Energy conservation management authorities of local governments at and above the county level supervise and manage energy conservation within their jurisdictions. Relevant authorities of local people's governments at and above the county level supervise and manage energy conservation within their jurisdictions.

## **Chapter 2 Energy Conservation Management**

**Article 9** The State Council and local governments at various levels should enhance their leadership in energy conservation, and on an annual basis deploy, coordinate, supervise, review, and promote energy conservation efforts.

**Article 10** The State Council and People's governments of provinces, autonomous regions, and municipalities directly under the central government should, according to the principle of giving importance to energy conservation and energy exploitation, putting energy conservation first, choose in an optimal way energy conservation and energy exploitation investment projects, and develop energy investment plans, based on a technical, economic, and environmental assessment of energy conservation and energy exploitation.

**Article 11** The State Council and People's governments of provinces, autonomous regions, and municipalities directly under the central government shall arrange energy conservation funds from capital construction and technical retrofit funds to support rational energy utilization and exploitation of new and renewable energy sources.

People's governments at municipal and county levels shall arrange energy conservation funds according to their situation in order to support rational energy utilization and exploitation of new and renewable energy sources.

**Article 12** Special assessment of rational energy utilization should be included in the feasibility analysis reports of fixed capital investment projects.

The design and construction of fixed capital investment projects should comply with the standards of rational energy use and regulations of energy conservation design.

Regulatory and supervisory authorities shall not approve the construction or completion of projects which do not meet the standards of rational energy use and regulations for energy conservation design. Completed projects which do not meet these standards and regulations should not be certified.

**Article 13** New industrial projects which employ backward technology, consume excessive amounts of energy, and waste energy significantly are prohibited from being constructed. The energy conservation management authorities of the State Council, in cooperation with other relevant agencies of the State Council, develop lists of prohibited industrial projects that consume excessive amounts of energy, and develop specific enforcement methods.

**Article 14** The administrative agency of the State Council in charge of standardization formulates national standards of energy conservation.

In the absence of the aforementioned national standards, relevant departments of the State Council formulate sectoral energy conservation standards by legal means and report them for filing to the responsible department of the State Council.

Energy conservation standards should be technically advanced, economically rational, and subject to continuous improvement and perfection.

**Article 15** The authorized energy conservation agencies of the State Council, in association with the relevant agencies of the State Council, should enhance supervision of sectors producing large numbers of widely used energy-consuming products, and urge them to apply energy conservation measures, make efforts to improve product design and manufacturing technology, and reduce energy consumption per physical unit of production within these sectors.

**Article 16** The responsible energy conservation management authorities at and above the provincial level, in coordination with the relevant departments at the same level, shall set limits in terms of energy consumption per physical unit of product, for products which are energy-intensive to produce.

Limits on energy consumption per physical unit of product shall be set scientifically and rationally.

**Article 17** The state applies a system for discontinuing backward, over energy-intensive energy-consuming products and equipment.

The authorized energy conservation agencies of the State Council, in association with relevant agencies of the State Council, determines and promulgates an inventory of overly energy-intensive energy-consuming products and equipment to be discontinued. The authorized energy conservation agencies of the State Council, in association with relevant agencies of the State Council, formulates a detailed method of enforcement and implementation.

**Article 18** Enterprises may voluntarily apply to the product quality supervision and management agencies of the State Council or to the certification agencies assigned by sectoral agencies authorized by products quality supervision and management agencies of the State Council, in accordance with relevant national product certification regulations, for energy saving quality certification for their energy-consuming products. After successful certification, a certificate of energy saving quality shall be issued, and labels of energy saving quality certification can be affixed on the energy-using products and their packaging.

**Article 19** The statistical agencies of the People's governments at and above county level, in association with relevant agencies at the same level, organize statistics on energy consumption and utilization, publicize periodically statistical bulletins, and report energy consumption per physical unit of product for major energy consuming products, etc.

**Article 20** The state shall enhance energy conservation management in key energy-consuming entities. Key energy-consuming entities are defined as:

(1) Energy-consuming entities with total annual energy consumption above 10,000 tons of coal equivalent;

(2) Energy-consuming entities with total annual energy consumption between 5,000 and 10,000 tons of coal equivalent, as determined by relevant agencies of the State Council, or energy conservation management agencies of people's governments of provinces, autonomous regions, and municipalities directly under the central government.

Energy conservation management agencies of governments at and above the county level shall coordinate with other relevant agencies to supervise and examine the energy utilization situation of key energy-consuming entities. They may, by legal means, delegate to appropriate organizations the authority and responsibility for conducting energy efficiency examinations and measurements.

The responsible energy conservation management agencies of the State Council, in association with relevant agencies of the State Council, formulate energy conservation requirements, energy conservation measures, and management methods for key energy-consuming entities.

### **Chapter 3 Rational Utilization of Energy**

**Article 21** Based on the principle of rational energy use, energy-using entities shall strengthen energy conservation management capabilities, formulate and implement energy conservation technical measures, and reduce energy consumption.

Energy-using entities shall provide energy conservation education and organize conservation training for relevant employees.

Employees who have not received any energy conservation education and training shall not be allowed to work in a position of operation of an energy-using facility.

**Article 22** Energy-using entities should enhance energy audit and management, and establish and improve energy consumption statistics and systems of analysis of energy consumption.

**Article 23** Energy-using entities should establish energy conservation responsibility system, and grant awards to groups and individuals who make achievements in energy conservation.

**Article 24** Entities producing energy-intensive products should comply with legal limits for energy consumption per physical unit of product..

Entities in which energy consumption per physical unit significantly exceeds established limits shall be required to provide corrective measures within a given period of time. This period will be determined by the energy conservation management agencies of People's governments at or above the county level based on their authority, delegated by the State Council.

**Article 25** Entities or individuals producing and selling energy-using products shall stop producing and selling energy-using products that the state has determined will be

discontinued or discarded. Use of discontinued or discarded energy-using equipment beyond within the time limit set by energy conservation management departments and relevant departments of the State Council is prohibited. It is prohibited to transfer the discarded equipment to other users.

**Article 26** Organizations and individuals producing energy-using products shall display energy conservation labels or indicators on product specifications and product identification.

**Article 27** Organizations and individuals producing energy-using products shall not use forged certificates or labels of energy conservation quality, or use misleading-leading information on the label.

**Article 28** In accordance with national regulations, key energy-using organizations shall submit reports of energy use periodically. These reports shall include information on energy consumption, energy efficiency, analyses of energy conservation benefits, and energy conservation measures taken or applied.

**Article 29** Key energy-using organizations shall establish energy management positions, select energy management personnel with appropriate energy conservation expertise, practical experience, and technical qualification above the level of engineer, and report for filing to energy conservation management organizations of governments above county level.

Energy management personnel shall supervise and examine their employers' performance of energy use.

**Article 30** Employees as well as rural and urban residents shall comply with national regulations to meter and pay for energy used, including electricity, coal gas, natural gas and coal produced by enterprises. It is prohibited to use energy for free or charged at a fixed fee.

**Article 31** Energy producing and supplying organizations shall provide energy to energy-using organizations in accordance with legislation, regulation, and contract obligation.

#### **Chapter 4 Technological Progress of Energy Conservation**

**Article 32** The state encourages and supports the development of energy conservation technology, determines the priority and direction for developing advanced energy conservation technology, establishes and completes energy conservation technology service systems, and creates and regulates the energy conservation technology market.

**Article 33** The state coordinates and implements key energy conservation scientific research and demonstration projects and recommends energy conservation projects for public education and popularization. The state also directs enterprises, utilities,

and individuals to employ advanced energy conservation processes, technologies, equipment, and material.

The state formulates preferential policies to support energy conservation projects for demonstration and public education.

**Article 34** The state encourages the introduction of advanced foreign energy conservation technology and equipment, and prohibits the introduction of outdated foreign energy-using technology, equipment, and materials.

**Article 35** Energy conservation funding for energy conservation technology research shall be arranged within the scientific research funds allocated by the State Council and governments of provinces, autonomous regions, and municipalities under the direct control of the central government.

**Article 36** On the basis of national industrial policy and energy conservation technology policy, governments at different levels above the county level shall coordinate with relevant organizations to promote scientific and optimized production methods with the characteristics of energy conservation.

**Article 37** In accordance with relevant legislation, administrative laws and regulations, the design and construction of buildings shall employ building structures, materials, appliances, and products with energy conservation features in order to improve thermal and insulating performance, and to reduce energy consumption for heating, cooling, and lighting.

**Article 38** Based on the principle that solutions shall be flexible and adaptable to a variety of conditions and situations, energy development shall be diverse, consistent with other national objectives, and benefits optimized for taking into account comprehensive resource utilization. Governments at various levels shall enhance rural energy development and develop and utilize biogas, solar energy, wind energy, hydro energy, geothermal energy, and other renewable and new energy sources.

**Article 39** With respect to the following common energy conservation technologies, the state will:

(1) Encourage cogeneration and district heating, increase the capacity factor of cogeneration units, develop heat-cascading technology, encourage combined heat, power, and cooling technology, as well as combined heat, power and coal gas technology, and promote comprehensive efficiency in thermal energy applications;

(2) Achieve more-efficient operation of electric motors, fans, pumping equipment and systems; develop adjustable speed motor drives for energy conservation, along with electric-electronic power saving technology; develop, produce, and popularize high-quality and low-cost energy-efficient appliances and equipment; and increase the efficiency of electric power utilization;

(3) Develop and popularize the use of clean coal technologies, including fluidized bed combustion, smokeless combustion, and gasification and liquifaction systems appropriate for domestic coals in order to increase coal utilization efficiency;

(4) Develop and popularize general energy conservation technologies that are mature and that have demonstrated, significant benefits.

**Article 40** Each economic and management sector shall formulate sectoral energy conservation technology policies, develop and popularize new energy conservation technologies, techniques, equipment, and materials, limit or discontinue use of old and outdated technologies, techniques, equipment, and materials with high energy consumption rates.

**Article 41** The energy conservation management department in the State Council, in coordination with relevant departments of the State Council, shall: formulate common and sectorally detailed energy conservation technology indicators, requirements, and measures, modify them in ways consistent with technological and economic goals and needs, increase energy use efficiency, reduce energy consumption, and help the nation step-by-step to achieve advanced international levels of energy utilization.

## **Chapter 5 Legal Liability**

**Article 42** New, energy-intensive industrial projects prohibited by national mandate and in violation of Article 13 of this law shall be noted by the energy conservation management organizations of the people's government above county level and reported to the people's government. Reporting shall be made at the governmental level with authority to terminate operations and energy use, within their capacity as determined by the State Council.

**Article 43** Organizations with high energy consumption levels in product production in violation of Article 24 of this law, and that significantly exceed the energy consumption limits per unit of production, and that do not correct the violation within the allotted time limit or that fail to meet the proposed corrective measures shall be noted by the energy conservation management organizations of the people's government above the county level and reported to the people's government at the level of authority to order suspension and closing of violators' facilities, within the capacity stipulated by the State Council.

**Article 44** Those who produce and sell discontinued energy-using products as defined by the state and that violate Article 25 of this Law shall be ordered to stop producing and selling said product by the supervisory management organizations of people's government above the county level. Income obtained from the sale or use of energy-using products that have been discontinued by the state shall be confiscated. Fines equal to one to five times the income so obtained may be levied. Industrial and commercial authorities of the people's governments above the county level may suspend violators' business licenses.



**Article 45** Operators of energy-using equipment discontinued by the state and in violation of Article 25 of this Law shall be forced to stop this activity by the energy conservation management organizations of people's government above county level, and their energy using equipment shall be confiscated. Serious violations shall be noted by the energy conservation management organizations of the people's governments above county level and reported to authorities with the power to suspend or shut down operations, consistent with their capacity as authorized by the State Council.

**Article 46** Those who transfer discarded energy-using equipment to others and violate Article 25 of this Law shall have their income confiscated by the product quality supervisory and administrative authorities of people's government above county level, and will receive fines of one to five times the value of the income.

**Article 47** Producers not displaying energy consumption indicators on product specifications and production identification in violation of Article 26 of this Law shall correct this violation within a time limit stipulated by the product quality supervisory and administrative authorities of people's government above county level, and fined up to 50,000 Yuan.

**Article 48** Producers who use forged energy conservation quality certificates or distort or provide misleading information in violation of Article 27 of this Law shall be ordered to make public amends to the product quality supervisory and administrative authorities of the people's government above the county level. Income illegally obtained in this fashion shall be confiscated and the producers may be fined one to five times the amount of income so obtained.

**Article 49** Government civil servants who abuse their power, neglect their responsibilities, or commit fraud or acts of corruption for personal gain shall be cited for criminal liabilities. In the case that their behavior constitutes criminal offense, these individuals shall receive administrative punishment.

## **Chapter 6 Supplementary Provisions**

**Article 50** This Law shall go into force from January 1, 1998.